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New York

President:	Mr. Mahbubani	(Singapore)
Members:	Bangladesh	Mr. Chowdhury
	China	Mr. Shen Guofang
	Colombia	Mr. Valdivieso
	France	Mr. Levitte
	Ireland	Mr. Cooney
	Jamaica	Mr. Prendergast
	Mali	Mr. Toure
	Mauritius	Mr. Neewoor
	Norway	Mr. Brattskar
	Russian Federation	Mr. Granovsky
	Tunisia	Mr. Ben Mustapha
	Ukraine	Mr. Krokhmal
	United Kingdom of Great Britain and Northern Ireland	Mr. Eldon
	United States of America	Ms. Soderberg

Agenda

The situation in East Timor

Report of the Secretary-General on the United Nations Transitional Administration in East Timor (S/2001/42).

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01-22844 (E)

The meeting was called to order at 10.25 a.m.

Expression of sympathy to the Government and the people of India and of Pakistan in connection with the earthquake affecting their countries

The President: At the outset of the meeting, I should like, on behalf of the Council, to express deep condolences to the Government and the people of India and of Pakistan in connection with the earthquake which occurred today in western India, resulting in considerable devastation and loss of life. I am sure that members of the Council share my feelings on this matter.

Expression of farewell to the outgoing Legal Counsellor for the United States Mission

The President: I should like also to take this opportunity to bid farewell to Mr. Bob Rosenstock, the Legal Counsellor for the United States Mission. Mr. Rosenstock has been at the United States Mission since 1964. I understand that in 1964, there were 115 States Members of the United Nations. Today, there are 189. Hundreds of representatives have come and gone, but Bob has stayed on to work on those issues that are so important to us all. I can say this with some conviction, because when I came here for the first time as an ambassador, from 1984 to 1989, Mr. Rosenstock was already a legend then. He should know that everyone in this room will miss him when he leaves. I hope the members of the Council will now join me in a round of applause to bid farewell to a colleague who has been with us for 37 years.

I give the floor to Mr. Rosenstock.

Mr. Rosenstock (United States of America): Thank you very much for that very touching comment. I see there are more speakers than even I have years, so I will be very brief and merely again express my very profound thanks for the extraordinary gesture on the part of Security Council members, who — all of them out of order — applauded, which was even more enjoyable, and I certainly do not raise a point of order to it. Thank you again.

Adoption of the agenda

The agenda was adopted.

The situation in East Timor

Report of the Secretary-General on the United Nations Transitional Administration in East Timor (S/2001/42)

The President: I should like to inform the Council that I have received letters from the representatives of Australia, Brazil, Chile, Fiji, Japan, Indonesia, Mozambique, New Zealand, the Philippines, the Republic of Korea and Sweden in which they request to be invited to participate in the discussion of the item on the Council's agenda. In conformity with the usual practice, I propose, with the consent of the Council, to invite those representatives to participate in the discussion without the right to vote, in accordance with the relevant provisions of the Charter and rule 37 of the Council's provisional rules of procedure.

There being no objection, it is so decided.

At the invitation of the President, Ms. Wensley (Australia), Mr. Viotti (Brazil), Mr. Valdés (Chile), Mr. Naidu (Fiji), Mr. Kobayashi (Japan), Mr. Wibisono (Indonesia), Mr. Santos (Mozambique), Mr. Mackay (New Zealand), Mr Manolo (Philippines), Mr. Kim Young-mok (Republic of Korea) and Mr. Schori (Sweden) took the seats reserved for them at the side of the Council Chamber.

The President: In accordance with the understanding reached in the Council's prior consultations and in the absence of objection, I shall take it that the Security Council agrees to extend an invitation under rule 39 of its provisional rules of procedure to Mr. Sergio Vieira de Mello, Special Representative of the Secretary-General and Transitional Administrator of East Timor.

There being no objection, it is so decided.

I invite Mr. Vieira de Mello to take a seat at the Council table.

In accordance with the understanding reached in the Council's prior consultations and in the absence of objection, I shall take it that the Security Council agrees to extend an invitation under rule 39 of its provisional rules of procedure to Mr. José Ramos-Horta, member of the Transitional Cabinet of East Timor responsible for foreign affairs.

There being no objection, it is so decided.

I invite Mr. Ramos-Horta to take a seat at the Council table.

In accordance with the understanding reached in the Council's prior consultations and in the absence of objection, I shall take it that the Security Council agrees to extend an invitation under rule 39 of its provisional rules of procedure to Mr. Harri Holkeri, President of the General Assembly.

There being no objection, it is so decided.

I invite Mr. Holkeri to take a seat at the side of the Council Chamber.

In accordance with the understanding reached in the Council's prior consultations, and in the absence of objection, I shall take it that the Security Council agrees to extend invitations under rule 39 of its provisional rules of procedure to Mr. Mark Malloch Brown, Administrator of the United Nations Development Programme (UNDP), to Mr. Klaus Rohland, Country Director for East Timor, Papua New Guinea and Pacific Islands of the World Bank, and Mr. Luis Valdivieso, Adviser, Asia and Pacific Department of the International Monetary Fund (IMF).

There being no objection, it is so decided.

I invite Mr. Brown, Mr. Rohland and Mr. Valdivieso to be seated at the side of the Council Chamber.

The Security Council will now begin its consideration of the item on its agenda. The Council is meeting in accordance with the understanding reached in its prior consultations.

Members of the Council have before them the report of the Secretary-General on the United Nations Transitional Administration in East Timor (UNTAET) for the period 27 July 2000 to 16 January 2001, document S/2001/42.

I should like to draw the attention of the members of the Council to document S/2001/83, which contains the text of a letter dated 25 January 2001 from Portugal to the President of the Security Council.

I would also like to point out that this open debate, by virtue of its timing, by virtue of the fact that we will be looking into the renewal of UNTAET's mandate and also by virtue of the fact that we will have many distinguished speakers this morning — including the President of the General Assembly, Mr. Harri Holkeri, Mr. José Ramos Horta, who, I believe, will be addressing the Security Council for the first time, and Mr. Malloch Brown, as well as representatives of the World Bank and the IMF — suggests that we are going to have a future-oriented and forward-looking debate. We believe that this debate should afford us an opportunity to start to sketch out a collective vision for the future of East Timor, both in transition towards independence and after independence. We should also discuss the role of the international community in helping East Timor to achieve that vision.

I now give the floor to the Special Representative of the Secretary-General, Mr. Vieira de Mello.

Mr. Vieira de Mello: Fifteen months after the adoption of resolution 1272 (1999), this is my last briefing during the current mandate of the United Nations Transitional Administration in East Timor (UNTAET). On this occasion, therefore, as we review where we have come from and where we are heading, I would like to express my gratitude to the Security Council for its unflagging attention and support to our work in East Timor, perhaps most graphically illustrated in recent months by its decision to dispatch a mission to review the implementation of Security Council resolutions 1272 (1999) and 1319 (2000).

I would also like to note with appreciation your work, Sir, as current President of the Council, in organizing this important debate and in gathering together the key players here today, including the President of the General Assembly, whom we were fortunate enough to receive in East Timor only a few weeks ago. We are grateful that East Timor has been placed at the forefront of the Council's busy agenda for this month. Singapore's preparation for this, including the sending to Dili of a delegation to investigate conditions on the ground, is a model we should all admire. We are particularly grateful for this.

Finally, although he needs no introduction, I would like nonetheless to say a word about my friend and colleague who is also here to brief the Council, East Timor's cabinet member for foreign affairs, José Ramos-Horta. It is fitting today, as we introduce to the Council the structural changes we have made to the mission, most notably through the prefiguration of an effective government of East Timor, that we have here with us that country's most dedicated and prominent spokesman of the past 25 years. I thank the Council for inviting him here to speak.

We knew from the outset that the unique demands placed on UNTAET meant that our task would not be easy, although perhaps we failed fully to appreciate just how complex our task would be. As has often been noted, through resolution 1272 (1999) the Security Council gave UNTAET a mandate that was unprecedented in its breadth, involving not only peacekeeping and humanitarian assistance, tasks that are perhaps more traditional than the United Nations has in the past been asked to perform, but also full executive and legislative responsibility, including the administration of justice, for governing East Timor and bringing it to independence.

UNTAET was called on to carry out this mandate in a country that had just experienced a trauma of a truly horrific nature. While grateful for the tributes to UNTAET's accomplishments paid by the Secretary-General in his report, I am under no illusion that much still remains to be done to meet the high expectations that accompanied UNTAET's arrival. Despite the enormous strides made in the past year, our overall task is far from complete, even in such critical fields as infrastructure reconstruction, particularly in the health and education sectors, where our efforts have so far fallen worryingly short of that which is required. Moreover, in other areas, such as capacity-building, our mandate is only just beginning to be fulfilled and is many years away from completion. It is this sense of reality — that East Timor will require the ongoing commitment of the international community — that I would like to impress on the Council today.

What can be achieved in the coming year needs to be put in the context of the fast-moving political transition towards independence. At the heart of this process has been the formation of a structure of government in East Timor, albeit transitional or interim in nature, through the creation of a predominantly East Timorese Cabinet and the progressive delegation of executive authority to that body, as well as the expansion of consultative mechanisms through the establishment of the all-Timorese proto-legislature that we call the National Council. Together with the steady Timorization of government at all levels, and the creation of a Timorese judiciary, we are taking what I believe to be the most effective, most direct, and perhaps most audacious path towards fulfilling one of our core tasks, perhaps the central one which is preparing East Timor for self-government.

Our initial model for UNTAET — namely, to Timorize the bureaucracy but to leave the political transition until elections had been held — has thus evolved into a more sophisticated model whereby the East Timorese now share much, if not most, of the responsibility for the conduct of the transition. Only by allowing institutions to evolve in the direction of progressively greater East Timorese participation have we taken the route most likely to produce enduring and stable governmental structures. The aim is to ensure that the transition to self-government occurs gradually throughout the mandate, rather than suddenly at the moment of independence.

Insofar as this mission has uniquely involved the creation of a new government, UNTAET should in fact no longer be seen as an international transitional administration, but rather as a support structure for the embryonic government of East Timor and other institutions of state. These institutions are still in development, but we should have no doubt that they exist. As I noted at the beginning of my statement, the presence here today of East Timor's Foreign Minister, as it were, serves as eloquent testimony to that reality. This does not always produce neat or easy results; Cabinet debates — for example, on the political parties regulation, which we adopted last week — are often protracted affairs requiring compromise solutions. Moreover, as we now have true separation of powers, there is no guarantee that the National Council and Cabinet will see eye to eye on all matters. Furthermore, the judicial sector — non-existent when UNTAET arrived — continues to face understandable but significant teething problems. Yet it is only through practical, and not just theoretical, preparation that the groundwork for self-government can truly be laid. This conceptual and structural shift in the manner in which UNTAET performs its mandate is the cornerstone of our efforts to implement resolution 1272 (1999).

Another complexity we have faced, and one with which we have not always been able to deal as effectively as we would have liked, has been the systemic problem of needing to adapt traditional peacekeeping practices to modern, multifaceted governance missions. Nowhere is this truer than in financing. I am not going to belabour this point, as it is already well known, but suffice it to say that I am grateful to the Security Council mission for having noted this dilemma in its report last November and for urging greater flexibility in the way in which United

Nations resources can be used. Likewise, I thank the Secretary-General for making this same observation in his latest report, and also the President of the General Assembly for his support in this regard.

UNTAET is very much an innovative mission. It illustrates the general point that rules and procedures must adapt to the changing environment in which we are operating if the wishes of the Security Council are to be fulfilled. Many of the key tasks laid out in resolution 1272 (1999) now fall on the new governmental structures of East Timor to perform, rather than on UNTAET, as originally conceived. We cannot expect that Government to perform those tasks adequately on what I call a "cruel" annual budget of $59 million, without being able to tap into UNTAET's manifoldly larger resources.

The final phase of transition is before us. Key decisions are about to be made regarding the details of the political steps which will lead to independence, in conformity with the general process I outlined to the Council here in November. I am sure that José will have more to say on this, but what we do know is that there will be elections in mid-2001. Indeed, the political standing committee of the National Council has been holding hearings on the electoral timetable and framework, and there appears to be a consensus forming in favour of elections on 30 August, together with an electoral system combining both direct district representation and nationwide proportional representation. A final decision will be forthcoming soon after the National Council resumes its session on 12 February. These elections will be for a Constituent Assembly that will have as its core mandate the preparation of a constitution but that will, in all likelihood, also assume legislative functions for the remainder of the transition.

The Assembly's deliberations will be informed by broad public consultations on the constitution, which UNTAET will facilitate and support but which will be conducted by East Timorese. All thereafter is still relatively blank, with the canvas to be filled in by the East Timorese themselves on the back of this founding democratic act, though needless to say, in bringing down the curtain on resolution 1272 (1999) and its successor resolutions, consultations with the Council will indeed intensify. UNTAET, and not the Government of East Timor, will retain full responsibility for ensuring that the elections are fully free and fair, but what follows after — for example, whether there are presidential elections, or whether the Constituent Assembly converts itself into the first legislature of East Timor after independence — are not decisions for us to make, as they can be appropriately reached only by the East Timorese themselves.

What is clear, however, is that international personnel will be needed well beyond independence to provide technical assistance, capacity-building and security. It is an inescapable fact that in a whole range of key high-skill fields it takes a long time to train personnel. Thus, East Timorese surgeons, of whom there is just one at present, will, like any other surgeons, take five to seven years to train. Many other of the skills required in a modern state also take many years to acquire. There can be no short cuts or quick-fix solutions. For example, the Department of Infrastructure believes that while it will be possible to develop fully Timorized water and port services relatively quickly, the skills needed to run a modern telecommunications system will take longer to learn, and continued international support will be required in the interim.

Or take as yet another example, the dearth of lawyers that has been one of many legacies left East Timor by its recent history. Efforts to establish a judicial system have already been significant, but they still only scratch the surface, as the Security Council mission itself noted. Or border control. While an East Timor Border Service has been created, it is still in its infancy, and East Timor's already meagre coffers continue to miss out on significant taxes due to smuggling of goods across the border with West Timor. Here again, we will need to concentrate our efforts beyond independence.

In his observations, the Secretary-General laid out our initial thinking on life after UNTAET and the need for a seamless transition to its successor mission. More work is being done to develop a fully fleshed-out proposal. We intend to have this prepared in time for the next donors conference in Canberra this coming June and to be able to discuss this with the Council in detail at the time of the Secretary-General's next scheduled report to the Council on East Timor — or at any other time that the Council may determine.

In preparing for this mission, coordination will be key if the mission is to be fully integrated and competition, duplication and confusion avoided. Coordination will be needed within and between the

United Nations and its agencies; the international financial institutions; the donors; you, the Security Council; and, of course, the East Timorese as the major stakeholders. It is worth highlighting at this juncture — because I think it is not highlighted enough — that one of the successes of UNTAET has been the remarkable level of cooperation and team-playing that has existed between all of the above, and how through this cooperation the whole leas been much greater than the sum of its parts. We are all engaged in trying to achieve the same objective, and that unity has shone through in our work. Consequently, it is particularly appropriate that both the United Nations Development Programme — on behalf of all the agencies, who have been so central to reconstruction and rehabilitation in all sectors — and the World Bank and the International Monetary Fund will be taking the floor here today in this debate.

However, precise details are not yet possible. There are a number of reasons for this uncertainty.

First, as I have already pointed out, the political timetable, including the date of independence, has still to be finally determined.

Secondly, the level of economic and social development that can be sustained depends crucially on the budgetary resources that will be available to an independent East Timor — particularly those that will be generated by foreign investment, as well as from oil and gas resources in the Timor Sea. As regards the latter, while it is not possible at this stage to make firm estimates, what we do know is that the petroleum to which East Timor is entitled will, before not too long, generate revenues in multiples of East Timor's current budget. The negotiations on this issue with Australia are thus of paramount importance in determining the extent of East Timor's future fiscal independence. I am optimistic that an agreement may be reached in the not too distant future on many of the complex issues involved here.

Thirdly, as will be its prerogative, the elected Government of an independent East Timor could well decide on significant changes of policy that will require a reassessment of the skills and personnel needed by individual departments and government agencies after independence.

One area worth highlighting is justice. In my last briefing to the Security Council — echoing the concerns of the report of the Security Council mission — I highlighted the resource constraints besetting the justice sector, particularly in the key area of investigations into serious crimes committed in the period surrounding the popular consultation of August 1999. At that time I made an appeal to the Council for additional resources — an appeal I make again today. We continue to endure a parlous situation, in which the lack of even translators forces delays to trials.

This is not to say that progress has not been made for prosecutions of defendants charged with serious crimes; the first indictment for crimes against humanity was filed on 11 December. As a matter of fact, I even read this morning that the first sentence was passed, if I am not mistaken, by the court in Baucau, also on a crime against humanity. But this process desperately needs an urgent injection of additional resources. Already, the target number of investigations established by the Serious Crimes Investigation Unit imposes practical limitations on the number of cases to be tried. We cannot risk leaving the public demand for justice dangerously unsatisfied by imposing further cutbacks on our goals in this area.

The East Timorese skills base is changing fast, and that is yet another reason why it is difficult to be precise about East Timor's future needs. There is already intense competition for the services of the limited pool of East Timorese. To augment that pool, we continue to reach out, though with only limited success, to the diaspora. That pool is also rapidly being transformed as increasing numbers of East Timorese rise to the on-the-job challenges posed by Timorization and by the opening of the University of East Timor and other tertiary institutions, as well as by the fact that we have recently recruited civil servants who are now taking Government training courses and the fact that hundreds of students are going abroad on scholarships, particularly to Indonesia.

Two areas where resource gaps can already be reasonably precisely identified are those of security and law enforcement. Since I spoke to the Council in November, just after a defence donors' conference had taken place in Dili, the process of creating an East Timor Defence Force has taken several important steps forward. Draft defence legislation is close to completion, and recruitment is under way. In the next few days, possibly on 1 February, the guerrilla force — Armed Forces for the National Liberation of East Timor (FALINTIL) — will cease to exist, and will be replaced by the new Defence Force, of which

FALINTIL will form the core. Training of the first 600-man battalion will then begin, and is expected to be completed by the end of this year. This is a historic new beginning.

However, the force is not expected to be at its full strength of 1,500 regulars and 1,500 reservists until two to three years hence. At least until then, therefore, there will have to be a continued — possibly significant — international peacekeeping presence. In addition, the security situation, particularly in the border areas, will also influence the pace of our downsizing.

There have been a number of hopeful developments on the security front since the Security Council's mission in November. There has continued to be some, although not enough, progress on reconciliation. Among the various initiatives sponsored by the Indonesian Government and UNTAET since November have been further "go-and-see" visits, as we call them, East Timor by pro-autonomy leaders and ordinary refugees from the west, as well as a meeting in Denpasar between the National Council of Timorese Resistance (CNRT) and other East Timorese, on the one hand, and the pro-autonomy umbrella group known as Unit Timor Aswain UNTAS on the other. We hope that these will eventually produce significant refugee returns. Nonetheless, one year since we made our first overture to the pro-integration leaders, we continue to await true dividends. It is therefore with a sense of realism that we continue to seek a constructive solution to this problem.

Some of the recommendations made by the Security Council mission that visited East Timor and Indonesia in November have been taken up by the Indonesian Government. Trials have started in Jakarta of individuals accused of inciting and perpetrating the killings in Atambua on 6 September of three colleagues from the Office of the United Nations High Commissioner for Refugees (UNHCR). Two leading militia commanders, including the primary suspect in the killing of two of our soldiers in late July and early August last year, are now in detention. This coming February, the Indonesian Attorney-General, Marzuki Darusman, expects the new Human Rights Court to begin processing the first cases against members of the military, as well as against the police, militia members and the former civil administration of East Timor. Moreover, militia infiltration from West to East Timor has fallen off, due largely to the robust actions of cur military in September, October and November of last year, and the onset of the rainy season.

But the Indonesian military have also been taking steps on the other side of the border. I personally welcome the firm stance adopted by the new Indonesian regional military commander, Major-General Willem da Costa, with whom I had a productive meeting two days ago in Denpasar, and I very much hope that this will lead to drastic and durable change on the ground, including through the comprehensive grounding of all remaining militias. This is a precondition for East Timor's security — and, consequently, our ability to downsize our peacekeeping force — as well as for humanitarian and other international staff to return to West Timor and for the remaining refugees freely to decide whether or not to return home.

Moreover, in line with the Security Council mission's call for steps to be taken to ensure the effective functioning of bilateral mechanisms, negotiations on issues arising from the Indonesian transfer of its control of East Timor and the first full meeting of the Joint Border Committee are both scheduled to take place in the next few days — to be precise, on 30 and 31 January. We hope for and expect concrete progress in these talks.

I cannot stress enough — and perhaps José Ramos-Horta will have more to say on this point, because he has just visited Jakarta — that East Timor's greatest hope for a stable future is a secure land border with Indonesia, as well as a framework for lasting and friendly bilateral relations with that neighbour. Without these foundations of territorial security, East Timor will continue to have to divert scarce resources away from much more critical tasks.

In the area of law enforcement, too, we expect that international assistance will be required well beyond the end of this year. Even after having put in place measures to speed up the training of East Timorese police, we estimate that this service will not be able to operate on its own until late 2004. The international civilian police will therefore need to continue to carry out their current mandate of performing law enforcement functions and providing training to East Timorese law enforcement officers until that time, albeit in gradually diminishing numbers.

In this connection, it might perhaps be worth mentioning concerns over the manner in which we deploy and use our civilian police resources in peacekeeping operations of this sort — operations in which they have executive policing responsibilities. Based on my experiences in both Kosovo and East Timor, I am increasingly of the view that the effectiveness of civilian police in these complex operations is not being maximized and that the time has come when we must consider ways to reform current practice. I know my colleagues in the Department of Peacekeeping Operations are reflecting on this subject.

To conclude, UNTAET will be judged not just on how many schools it rebuilds or roofs it replaces, on the calibre of the elections it organizes or on the peace it maintains, vital though these achievements are. Rather, judgement will also rest on how successfully UNTAET is able to assist the East Timorese in fully realizing their independence as masters of their own future and their own democratic and independent State. Independence, of course, is much more than a political state of being; the East Timorese have shown, more effectively than many, that they have always been independent in mind and spirit. But it is also a process, of which UNTAET is only a part. It is vital that after UNTAET — after everything that all of us here have invested in this endeavour — we continue to remain engaged in nurturing this process for East Timor so that it will become what we all wish it to be: a factor for political, social and economic progress and stability in the region as a whole.

The President: I thank Mr. Vieira de Mello for his kind words addressed to me and my country.

I shall now call on Mr. Mark Malloch Brown, Administrator of the United Nations Development Programme, to whom the Council has extended an invitation under rule 39 of its provisional rules of procedure. I invite him to take a seat at the Council table and to make his statement.

Mr. Malloch Brown: I congratulate you, Sir, on your assumption of the presidency this month. It is a great pleasure and a great opportunity to come before you today and contribute to this critical debate, and I am grateful for the invitation. Speaking both as Administrator of the United Nations Development Programme (UNDP) and as Chair of the United Nations Development Group, I think there are few more important current tests of the United Nations than helping East Timor to full nationhood.

It is a test, as the Special Representative of the Secretary-General has just outlined, in which the United Nations has already enjoyed significant success and learned some tough lessons. Let me take this opportunity to pay special tribute to Sergio Vieira de Mello for his strong leadership and deep personal commitment in helping guide the country through this very difficult transition. We, his colleagues, are very proud of him, but not surprised by his success. His leadership has been key to providing a strong, coordinated response from the United Nations system. As the Council is aware, United Nations humanitarian and development agencies have been active in East Timor since September 1999. Currently nine — UNDP (including the United Nations Volunteers), the United Nations Children's Fund, the World Health Organization, the Office of the United Nations High Commissioner for Refugees, the International Labour Organization, the Food and Agriculture Organization of the United Nations, the World Food Programme, the United Nations Office for Project Services and the United Nations Population Fund — maintain a presence in Dili. As Sergio kindly pointed out, the United Nations country team, led by a United Nations Development Coordinator, has, I hope, been able to provide a dynamic resource and support in helping cope with this, the first phase of the transition to independence.

Now, we face a tougher question, as was just outlined. How can we best support the process of helping move East Timor to a path of strong, sustainable development? The answer, I believe, lies in building on the strong work which the United Nations humanitarian agencies and others have begun with their contributions, from overseeing the repatriation and reintegration of some 175,000 refugees to the distribution of food aid to 180,000 vulnerable people.

We have already begun the work of building that critical bridge between emergency work and longer-term rehabilitation and development. United Nations agencies and programmes have, in collaboration with development partners, including non-governmental organizations, spent some $136 million to address short-term needs while starting to build real capacity for the future. Our collective achievements to date include over 1,000 classrooms reroofed; a functioning health care system re-established; six power stations

and 120 kilometres of road repaired; the training of 200 public servants, including judges, public prosecutors and public defenders, and the rehabilitation of the courts; the basic training of youth auto mechanics, electricians and carpenters, and the establishment of new employment centres; support for 60 national non-governmental organizations; and the provision of technical, administrative and management skills through 500 United Nations Volunteers.

To help guide future policy decisions, the United Nations family has also undertaken a detailed assessment of future development needs. UNDP, the Asian Development Bank and the World Bank are carrying out a comprehensive poverty assessment and UNDP will have completed a benchmarking national human development report in time for independence. We are also, I think, all trying to play a key role in the coordination of the new development process, supporting the nascent East Timorese National Planning and Development Agency and helping to ensure a coherent response from the donor community.

But even as we reflect on what we have done, we must be honest about acknowledging what has not yet taken place. The United Nations as a system has had a difficult time making real progress in the area East Timorese people most need help in: building the institutional capacity to manage their own country and meet the needs of their people themselves. For a nation of 850,000 people that started with just 60 qualified secondary school teachers, 20 doctors and little in the way of effective systems of governance, that remains an enormous task. But it is where the United Nations development focus must now be turned, using our skills and experience to help develop sound democratic institutions and a strong, accountable public service while committing to remain on afterwards as a full development partner.

That kind of capacity-building is one of UNDP's special strengths and we have already been designated by the Special Representative of the Secretary-General as the lead agency for capacity-building in support of the Transitional Administration. To that end, we have already, in consultation with sister agencies and other partners, developed a broad plan of action to help do this in East Timor in key areas, from direct support to leadership for transition, to human resources, to electoral assistance and to the establishment of a fully-functioning justice system.

It is clearly a very ambitious agenda, but, I think, an achievable one. It provides a clear framework for the United Nations system to prove how we can respond to such challenges — in the spirit of the Brahimi report — in a more coherent manner built around shared objectives. We are committed to working closely with the donor community, the Bretton Woods institutions, civil society and other partners to achieve it.

But we and this Security Council must also face the fact not only that future funding remains uncertain, but that currently adequate resources are not being made available for this critical, forward-looking task of capacity-building. So, in closing, I would like to urge the Council to help seek out new ways of either adapting current funding arrangements or establishing new ones that ensure that the kind of issues I have outlined are not neglected, but are put, as they need to be, at the heart of preparations for independence.

To fund the current Administration's costs without investing in building on East Timorese administration for the future is evidently short-sighted but, nevertheless, in many ways, frankly, the sum of our current approach. We now need a funding and programming strategy that builds towards independence, so looking beyond the present recurrent needs.

José Ramos-Horta, our friend and colleague and the future Foreign Minister of East Timor, who is here with us today — and to whom I think Sergio and I would both defer as the one with the decisive voice in this Chamber on the future needs and goals of the East Timorese — and his colleagues need our support for tomorrow even more than they need it for today. There is no more important task than to help them build the people and institutions of an independent East Timor.

The President: I now call on Mr. Klaus Rohland, Country Director for East Timor, Papua New Guinea and Pacific Islands of the World Bank, to whom the Council has extended an invitation under rule 39 of its provisional rules of procedure. I invite him to take a seat at the Council table and to make his statement.

Mr. Rohland: I am very pleased to have this opportunity to address the Security Council. On behalf of the World Bank, I would like to express our sincere gratitude to the President of the Security Council for our invitation to this important meeting. I would also like to put on record our appreciation for the report of

the Secretary-General, the briefing of the Special Representative of the Secretary-General and the valuable analysis just provided by the Administrator of the United Nations Development Programme.

The United Nations and the Secretary-General have shaped the historic process that we are about to witness and shown the way into East Timor's future as an independent, sovereign nation. The Bank pays tribute to this important historic undertaking.

East Timor is also very special to the World Bank. We have been involved in working with the East Timorese and their leadership and the United Nations Secretariat on economic issues since before the ballot. As a matter of fact, we started working with them as early as February 1999. We were there immediately after the violence. Many members know that resolution 1272 (1999) was approved by the Council on 25 October 1999, and we were out there with our joint assessment mission on 26 October 1999. We have followed the transition process and have worked closely with the United Nations Transitional Administration in East Timor (UNTAET) and the East Timorese ever since.

I think it is fair to say that the transitional process in East Timor has seen many successes. Most importantly, the country has a high degree of internal security and there are particularly good relations between the international peacekeeping force and the population. I pay tribute to the work of the peacekeeping force and its predecessor, the International Force in East Timor (INTERFET), in this regard.

We have succeeded in restoring core Government services. We have started long-term reconstruction programmes, and that more quickly than in any other post-conflict situation that we have witnessed in the past. For this we owe most to the East Timorese leadership and the East Timorese people and their commitment to build a new nation. But we also owe a lot to Sergio Vieira de Mello, working on behalf of the United Nations, and to the cooperation of the international donor community and our colleagues in international financial institutions and United Nations agencies. Again, I would like to put on record our deep appreciation for this.

I think this process, which started with our joint assessment mission in October 1999, has proved that there is a great spirit of cooperation among the Timorese people, international participants and the international organizations. Yes, we have achieved a lot. The process in East Timor was, by historic standards, a very good one. We are on the road to success. But we can improve, and we should improve. We should take on the lessons of the last 18 months to be even better on the road to independence.

With all the success there have been social and political tensions. Reconstruction and restitution of Government services have not always met the expectations of the population; they have not always met with the impatience of the population. Sometimes the East Timorese themselves have not always felt the degree of ownership of the process that is needed for the transition to be successful. Let us build on our experience. Let us grasp the opportunity to improve.

In the Bank we are reviewing our support processes. We want to see where improvements can be made, and we will be working with UNTAET and the East Timorese and drawing lessons that can be fed into both current operations and the planning of post-independence support. This review will start in a few days, and I am sure it will provide valuable lessons that we will discuss at the next donors meeting at Canberra in June, as Sergio Vieira de Mello mentioned.

Let me point to some of these preliminary lessons that we see as critical, and let me try to give some answers to the question before you today. I think that first we need to develop a clear and structured plan for the transition and the post-independence mandate. The past year has seen rapid fire-fighting and reactions to a crisis situation. This was — and let me be very clear about it — the right thing to do, given the enormity of the challenge that faced the Timorese and their international partners in September 1999 and thereafter.

Now we need to take on a longer-term view. The UNTAET-World Bank process donor meeting document outlines some strategy elements, but much more work is needed to identify and to time out other critical steps. These details will need to be developed in the coming weeks, but I believe we can already distinguish some key characteristics of that plan.

The plan needs to be in place as soon as possible to enable mobilization of the right resources. It needs to focus on a small number of key objectives, not to try to cover everything under the sun. It needs to be a collaborative effort with the participation of all the

development partners. It needs to be driven by the East Timorese and supported by the international community. It needs to be widely disseminated and discussed among Timorese and international Government staff, the Timorese population and the development partners. Everyone needs to understand the path being taken. Finally — and Sergio Vieira de Mello has already alluded to this — the plan will need strong management monitoring to turn papers into results on the ground.

The area of administration, as previous speakers have pointed out, will be crucial to the transition. In an environment of devastated infrastructure and communications and with the total collapse of the State, the establishment of government functions has taken more time than expected. This has involved critical bottlenecks in procurement and recruitment, bottlenecks that are about to be overcome.

UNTAET and the emerging East Timorese administration needed some time to develop a way to work jointly and to overcome difficult legal and organizational issues to improve effectiveness. It is crucial for the success of the first independent Timorese Government that it inherit an administration with efficient systems, capable human resources, clear roles and lines of accountability, an administration free of corruption and undue political interference. The Timorese therefore must already participate fully in the interim administration between now and independence to ensure that the State being built is the same one they want for the future.

A smooth administrative hand-over will require concerted effort in recruitment and institutional and human capacity-building over the coming months, as well as good advance planning for post-independence technical assistance.

We need to recognize that true independence is not only political, but also economic. East Timor's independence will need to be based on sound fiscal management that balances revenues and expenditures for long-term sustainable development. Its central fiscal authority and its national planning and development agencies are the key drivers through which future support should be channelled to achieve sustainability. This was the message of the donors meeting in Brussels. Cooperation between the United Nations, the national leadership, the Bretton Woods institutions and bilateral donors is based on this recognition. We need to integrate political, administrative and economic planning even more closely than was the case after the ballot.

East Timor needs a capable State, and it needs a sustainable set of financial and public management frameworks. Respecting the wish of the East Timorese leadership to inherit a lean State is key in this period. We must particularly take care to avoid undertaking unsustainable capital projects which cannot be maintained by the State in the future. We need to focus on a clear set of Government functions, and agencies should be appropriate to its development state. We should not replicate the situation of the proliferation of agencies, as in many richer and more developed countries.

Economic independence applies to individuals as well as to the State. When I go to the districts of East Timor, East Timorese people from every walk of life tell me that they do not want dependence on aid. They want a chance to work, to start small businesses, to sell their agricultural products. Private-sector recovery is critical. It is also critical because the withdrawal of many international personnel in the months to come will cause some job loss in public agencies and in the urban service sector.

We should take this seriously not only because of the hardships for the individuals, but also because of the links between security and economic development. More jobs, higher agricultural output, a strong private sector and a functioning public infrastructure will all help to ensure a stable political transition. It will show the population that they gain in an independent East Timor.

On the downside, unemployment and a crumbling infrastructure, in contrast, will act to destabilize the political transition. To get the link between economic development and political transition right, synchronization is the key challenge for all players around this table and in the international community.

We should work together with the Timorese leadership and with UNTAET and our colleagues in the International Monetary Fund to ensure that an appropriate economic stimulus is applied before the transition and to strengthen budget allocations to social services and core economic infrastructures.

The coming month will be challenging, and we in the World Bank stand ready to help in every way we

can. In addition to our continuing support, along with other donors to the Trust Fund for East Timor, we will offer assistance for a fiscally sustainable civil service, wages and structures. We will offer assistance on anti-corruption strategies, so vital for a sound public sector environment. We will work with the central fiscal authority in improving budgetary processes, and we would like to see the Trust Fund for East Timor involved in a mechanism to support a more integrated and sustainable budget for the new Government.

In the coming months, we will be discussing options in this regard with the Timorese, UNTAET, the United Nations and, most importantly, the donors to the Trust Fund for East Timor, whom I sincerely thank for their support over the last month and on whom I call for support for the month ahead.

I wish to thank you once again, Mr. President, for providing us with this unique opportunity to address the Security Council.

The President: I now call on Mr. Luis Valdivieso, Advisor, Asian Pacific Department, International Monetary Fund, to whom the Council has extended an invitation under rule 39 of its provisional rules of procedure.

I invite him to take a seat at the Council table and to make his statement.

Mr. Valdivieso: It is a great pleasure and privilege to have the opportunity to come before the Council today and contribute to this critical debate. It is well known that we are very proud to be associated with the leadership of the United Nations in assisting the East Timorese on the road to independence and to try to establish the necessary structures for securing the future welfare of their society.

The role of the International Monetary Fund (IMF) in East Timor has focused on helping the United Nations Transitional Administration in East Timor (UNTAET) develop a macroeconomic framework to guide economic decision-making and capacity-building, including developing institutions and skills, to help ensure that economic policies are implemented properly and that the resources made available to East Timor are efficiently used and appropriately accounted for.

The support provided has been quite specialized. The support that we have provided under the strategies that we have recommended transcends the political transition process. The idea is to establish a framework that will endure after independence, so it is extremely important that whatever is being created, even during the first month, should be sound enough to endure all of the difficulties that are likely to be encountered in future during the transitional process.

The IMF will continue to stress the need for consistent and credible macroeconomic policies throughout the initial humanitarian relief period, the subsequent Transitional Administration, and the future independent East Timor. We will continue to stress the need for enhancing capacity-building and for creating adequate incentives for the private sector, because we believe firmly that the development of a vibrant private sector will be the engine of growth and prosperity and the only possibility of fighting poverty in East Timor.

The strategy developed in conjunction with UNTAET, the East Timorese, other institutions, United Nations agencies and the World Bank, and in continuous consultation with various donors and members of civil society, had three components. One was to ensure that there would be a payment system. Following the severe destruction of September last, there was no banking system and no possibility of making any meaningful financial transaction. Therefore that was one of the important elements. I think we have made some significant progress that will remain for years to come. Obviously, it will be under continuous monitoring and will require further adjustments to make sure that things function well.

The second important component of the strategy to ensure appropriate macroeconomic management was the development of a basic fiscal framework. There, the critical steps were to establish a central fiscal authority, which eventually will become the Ministry of Finance, and, more fundamentally, the adoption of a sustainable, consolidated budget. This budget is the national budget. It is not the assessed contributions budget, it is not the budget that supports UNTAET operations. It is the budget that supports the operations of the local administration. We focus significantly on that, but we have also broadened our perspective to make sure that we monitor closely the inflow of resources into the country, as an excessive amount of resources give rise to distortions.

There have been important and significant developments. They are very well documented and can be found on the Web sites of the United Nations, the

World Bank, the IMF and various other agencies that maintain Web sites with all the various reports, so I will not go into detail about what the achievements have been during these last 15 months of continuous contact with East Timor. But let me just flag a few that I think are important enough to keep in mind and that, as I said at the beginning, transcend the political cycle.

The first is the adoption of a currency as a means of payment and the design of a framework for the operation of banks. There are already two banks in operation, and, hopefully, there will be more in future. There are a number of initiatives for micro-financial institutions, and there is also some interest in foreign exchange bureaus.

For the time being, there is no problem with respect to the issue of monetary policy, as the currency chosen in the transition is the United States dollar. It will be up to a future independent Government of East Timor to decide whether a different monetary arrangement is suitable for its objectives.

With regard to fiscal developments, there was, for the first time, a preliminary budget! For a post-conflict country to present a preliminary budget right at the outset of operations is a very important development. It was rudimentary, but still a guideline to at least help allocate resources in a somewhat sensible manner. It also demands accountability, which is very important.

Subsequently, with the assistance of mainly the Australian and Japanese Governments, the central fiscal authority was staffed, and a very strong budget team was assigned to East Timor for about 15 months initially. These people have helped to develop a very comprehensive budget process, and now we are about to start discussions on the budget for fiscal year 2001-2002. I think that this has been very, very important. I mention the deficiencies in the design that need to be tackled, but that will come with time and experience. Furthermore, there has been the development of a tax administration body, which is implementing a policy that is being designed in consultation with the National Council and through public forum discussions. Some progress has also been made in that very important area.

I think there has been some debate on the issue of participation and ownership; it has been more and more encouraging to see that the East Timorese are taking a stronger interest. They are becoming better equipped by getting support from donors in terms of technical assistance, and they are developing their own views with respect to various alternatives that are being offered to them for a system of taxation, a system of public tariffs for utilities and so forth.

Budget execution is a different matter, because it depends not only on having a budget but also on the spending agencies. This requires much more work. As Mr. Rohland indicated, they are having additional difficulties in procurement. There are some difficulties in the execution that hopefully will be addressed. But these two developments in banking and payments management — because there is no real monetary management — and in fiscal management are encouraging. I think they will require future assistance, and we stand ready to support the United Nations until the transfer of the administration to a new East Timorese government, and to support the future East Timorese government.

With regard to developments in capacity-building, we will focus initially on making operational the institutions that we consider key for economic management. We have provided comprehensive technical assistance, and I think that one of the important lessons we have derived from this situation is that there are very detailed blueprints on how to manage these institutions, what functions and what type of people are required. I think we are now proposing that this model be replicated, so to speak, for other economic institutions that are being developed, such as the national planning agency and the ministry of economy, because it is extremely important that we know *ex ante* what is required in terms of expertise, the type of institution being built and the requirements both for today and for the future. As previous speakers have said, it is very important that we do not create something that later will become difficult to sustain, especially when the massive amount of external support starts to decline.

We acknowledge that the process of building East Timorese managerial capacity in the macro-financial management area has been slow; it is quite a specialized area. This will take time. We are now trying to coordinate more closely with the World Bank, with the Asian Development Bank and with other agencies, trying to make sure that we have a systematic approach that will enable us to deploy qualified staff for these critical areas of macroeconomic management in the months to come. We have already started some comprehensive courses in Singapore. We have a

regional institute. We are trying to set up on-the-job training approaches. All the experts that have been recommended by our institution have, as part of their terms of reference, a capacity-building mandate, and they have the responsibility to identify and train local counterparts during their stay in East Timor, with a view to the latter eventually being in a position to assume their responsibilities, even though we anticipate that in these areas of expertise continued support will be required for a number of years to come.

What are the major challenges that we see ahead? I understand that the Council President wanted the discussions to focus on the future, but I think it is important to look at the past, especially in the area of our concern, because we do not really believe that we have to change the tune as independence approaches, since, as I said, the institutions that have been set up will be required in any market-based economy. I think the skills that are being developed will be required in the future. Policies may change, and then there will be a need for developing analytical capacity and to ensure that advice is understood, adopted and embraced by the Timorese, because the last thing we need would be the feeling that things were being imposed. I think it is very important that whatever they adopt be embraced and come from their own initiative. This dialogue is important. It will take time. It will be slower than things more familiar to us would have been. But I think the dialogue is important, and we have to be tolerant and patient.

The challenges that we see ahead in the economic sphere are essentially in the area of the maintenance of macroeconomic stability. I think that many people believe it is sometimes too early to talk about economic matters in a post-conflict situation; but it is never too early, because normally what happens is that in the rush of things, we make decisions that we may later regret. One of our major concerns, for instance, is wage policy. In the rush of things, sometimes we want to hire whoever is available at the moment, and we sometimes judge the adequacy of wage policy against the objective of trying to bring qualified people to help us as soon as possible. But in the process we may distort the wage policy for the future independent government of Timor. Another possibility is that we embark on projects that may be too costly over time. This pertains to the whole issue of sustainability over time. It is never too early to raise questions about sustainability. We are very concerned about that. I think the challenge for East Timor will be to continuously go over every decision that is being taken and understand not only the short term benefits but also the future implications. This is something that we have raised in meetings with donors. Very generous bilateral assistance is being offered, but we are asking donors to be as specific as possible, with regard to what they are willing to do today as well as the recurrent costs needed to maintain in the future whatever is initiated now.

Even though our friend Sergio Vieira de Mello says that the budget is cruel, I think that the budget is realistic and is consistent with the availability of resources today and the medium-term potential of the country. That is precisely what forces us to ask ourselves continuously whether something that may be beneficial today may be too costly tomorrow. It is not that these questions should prevent us from making decisions; I think they have to be made.

So this is a very important challenge: to continuously have on the table the questions of sustainability that are critical for macroeconomic stability. Without macroeconomic stability, we cannot expect growth, and we cannot expect to be in a position to address serious poverty problems.

The other serious challenge is capacity-building. I am very pleased to hear, as our friend from the United Nations Development Programme indicated, that it has a mandate to deal with this issue, which is so critical. We stand ready to cooperate with it in all areas of our expertise, and we will continue to support the United Nations and our Timorese friends in the future independent government of East Timor with whatever resources we have.

The final major challenge is the creation of adequate incentives for the private sector. I think we have here a unique opportunity to move away from the traditional governmental structure that was set up, inherited from Indonesian times — that is, a large government. I think this is a very good opportunity. But for creating the right incentives for private sector development, a lot has to be done. In a couple of publications we have presented in detail what we think would be the immediate steps. I will be glad to make available to all the members of the Council the references to these publications, which can also be found on our Web site.

We believe that for creating the right incentives there is an immediate need not only to maintain stability and to continue with a sensible fiscal budget and fiscal approach; it will also be important to move forcefully on developing basic legislation that is still missing, but not stopping at the level of legislation. In this regard, I fully agree with Sergio Vieira de Mello that enforcement is as important as having the laws in place, so the development of the judiciary has to go hand in hand with the development of legislation. Very specifically, we are very concerned about the need for developing quickly commercial law, the labour code and a foreign-investment law, because without those basic legal requirements and frameworks and the assurances that the rights of investors are going to be protected, we cannot expect an appropriate response.

We are also watching with great interest the approach followed in the political transition. This will also help, because political uncertainty also affects investment decisions. But I think two important elements that were mentioned by Sergio Vieira de Mello are the participation in decision-making and in the legislative effort of the East Timorese. These elements are providing more and more clarity with respect to where the country is likely to go, and this in turn is providing some assurances to some investors who are already analysing the possibilities.

We believe that every effort should be made to create the right incentives for private initiative. Without that, I think we run the risk of creating an environment in which the Government will be forced to take up obligations that I think the East Timorese have a unique opportunity to decide not to put in the hands of the Government — in contrast to what has traditionally been the case.

Once again, I really appreciate the invitation to speak to the Council. We are very pleased and we stand ready to continue cooperating with the United Nations Transitional Administration in East Timor, our Timorese friends, all United Nations agencies, our sister institution, the World Bank, and donors. We will be glad to answer any questions and discuss bilaterally any further issues that any of the members of the Security Council may have, or to present more specific briefings as required.

The President: The next speaker is Mr. Harri Holkeri, President of the General Assembly, to whom the Council has extended an invitation under rule 39 of its provisional rules of procedure. I invite him to take a seat at the Council table.

Before giving the floor to Mr. Holkeri, I would like to convey a special word of thanks to him for taking time off from his busy schedule to address the Security Council. Rarely have Presidents of the General Assembly addressed the Council. Indeed, our research shows that the last time it happened was probably in 1946 — more than 54 years ago. So this is in some ways a historic occasion.

I invite Mr. Holkeri to make his statement.

Mr. Holkeri: I first wish to join you, Mr. President, in your expression of condolences to the people of India and Pakistan.

I am honoured to be able to participate in this open debate of the Security Council on East Timor. I would like to thank you in particular, Mr. President, for your efforts in making it possible for me to address the Council. My participation in this debate is part of the efforts to foster closer cooperation and coordination between the main United Nations bodies and actors.

I made a week-long visit to the South-East Asian region from 10 to 17 January 2001, visiting Singapore, East Timor and Indonesia. My visit was at the invitation of the Singaporean and Indonesian Governments and of the United Nations Transitional Administration in East Timor (UNTAET). In East Timor, I had a series of meetings in Dili, during which I was briefed extensively about the activities of UNTAET by the Special Representative of the Secretary-General and by other officials of UNTAET. I also met with local political leaders, including Xanana Gusmão, as well as with the Force Commander of the United Nations peacekeeping force and the Commissioner of the civil police. Finally, I had the opportunity to meet with the heads of United Nations agencies and with representatives of the local diplomatic community.

In addition to my programme in Dili, I paid a half-day visit to Suai, the site of a massacre in 1999, where I was given a briefing on the various aspects of the operation of the district administration and of the Sector West peacekeeping force. In Suai, I had discussions with the members of the District Advisory Council and other local representatives.

The detailed account of my visit, including a list of all meetings, can be found on my Web site.

At the outset, I wish to pay tribute to the women and men, civilian and military, who serve the United Nations in East Timor, and to commend the leadership of Mr. Vieira de Mello. The working conditions — both in the physical and in the political sense — in the Mission area are very difficult. It is crucial that the Mission get all necessary support from Headquarters in order to overcome these difficulties. In addition, close cooperation between all United Nations agencies working in this comprehensive United Nations mission is vital for a successful outcome.

The main purpose of my visit to East Timor was to observe, in the light of our recent discussions on the Brahimi report, how a comprehensive and complex peace operation works at the field level. The visit allowed me to assess at first hand the situation in East Timor.

In East Timor there is a clear gap between the expectations of the local population and what may be expected to be a painstakingly slow process of nation-building. This is a gap common in post-conflict situations. It exists both at the grass-roots level, as echoed by the everyday concerns of the people I met in Suai, and at the political level, as reflected by growing calls among the local political leadership for moves towards immediate independence.

In a country that has never in its recorded history enjoyed self-determination and democratic rule, this desire for an immediate solution is understandable. But it should be tempered by a realization that building democratic institutions is, even under the best of circumstances, a complex and delicate task. However, I am sure that the people in East Timor, who have ultimate responsibility for the future of their country, will remember this during the coming months, as the political calendar brings them closer to independence. Furthermore, I trust that the Council will bear this in mind in its deliberations on the issue.

East Timorese society faces the fundamental question of justice versus reconciliation. There seems to be a genuine and commendable readiness among the political leadership to move towards national reconciliation, with maximum inclusiveness of former pro-autonomy elements now it West Timor. At the same time, there is a strong body of opinion, especially at the grass-roots level, calling for justice as the precondition for any true reconciliation. In my view, these views are not mutually exclusive. The pursuit of justice is fundamental to nation-building and to any United Nations peace operation. Those responsible for human rights violations and crimes against humanity must be brought to justice. At the same time, reconciliation at all levels should be actively promoted.

Despite the commendable progress achieved, East Timor will need the assistance and presence of the international community for a long time to come, both to continue to maintain peace and to support reconstruction and nation-building. We cannot afford to exit East Timor prematurely or without a well-prepared strategy. The Timorization of the local administration is crucial and should be pursued vigorously. But it cannot wholly substitute for international presence in the near future.

United Nations peacekeeping is still needed to ensure the safety and security of the population and the overall stability of the country. It would be unrealistic and even irresponsible to expect or plan a quick pull-out. I also wish to emphasize that the operation must be given the resources commensurate with its mandate and that these resources must be provided from assessed contributions. In this connection, I also wish to express my support for the Council's request for increased flexibility in the use of assessed resources allocated to complex peacekeeping operations such as UNTAET. I will once again draw the attention of the relevant General Assembly bodies to this request.

The situation along the border areas between West Timor and East Timor is of grave concern. Even though I did not have the opportunity to visit West Timor, it became clear to me that much more needs to be done to disarm and disband the militias. This is essential so as to allow the United Nations to return to West Timor to deal with the refugee problem. It is also indispensable in order to stop the violence against the civilian population, including women.

I should point out that during my discussions in Jakarta with the President, the Minister for Foreign Affairs and other high-level officials, I was given assurances of their cooperation and determination to facilitate refugee return. They expressed their hope that the United Nations, especially the Office of the United Nations High Commissioner for Refugees (UNHCR), would soon be able to return to West Timor. As for my part, I underscored the need strictly to implement Security Council resolution 1319 (2000). I also expressed the hope that the relationship between

Indonesia and UNTAET would continue to be based on the joint communiqué of 29 February 2000 and the Memorandum of Understanding of April 2000. Again, my interlocutors expressed their commitment to good-neighbourly relations with East Timor. As with any United Nations peace operation, the success of UNTAET depends on the full cooperation of all parties.

In conclusion, I would like, in recognition of UNTAET's performance, to stress the urgency of the need to strengthen United Nations peace operations through implementing the recommendations of the Brahimi report. Moreover, I would like to stress one important commitment that the Council made when adopting its recommendations on the Brahimi report that is relevant to our discussions today. The Council undertook to ensure that the mandated tasks of peacekeeping operations are appropriate to the situation on the ground, including such factors as the prospects for success, the potential need to protect civilians and the possibility that some parties may seek to undermine peace through violence.

The President: Before giving the floor to the next speaker, I should like, in the spirit of Ambassador Richard Holbrooke, to say a special word of welcome to the seventh-grade class of the Convent of the Sacred Heart — a class of which my daughter, Shelagh, is proud to be a member. I hope that the presence of these youthful spirits — the young ladies in the red blazers in the public gallery — will serve as a good omen for the future of East Timor.

The next speaker inscribed on my list is Mr. José Ramos-Horta, member of the Transitional Cabinet of East Timor responsible for foreign affairs, to whom the Council has extended an invitation under rule 39 of its provisional rules of procedure. Your presence here, Mr. Ramos-Horta, is itself historic. Until today, no representative of East Timor had addressed the Council since UNTAET was established. I am glad that the very distinguished son of East Timor, a Nobel laureate, is here to address us.

I give the floor to Mr. Ramos-Horta.

Mr. Ramos-Horta: I would like to join all others in expressing my most sincere condolences to the Governments and peoples of India and Pakistan.

At the outset, allow me to extend to everyone the warmest greetings of President Xanana Gusmão, who apologizes for not being here today in person. I am conscious that I am a poor substitute for him and beg the Council's indulgence.

I thank you, Sir, for giving me the opportunity to address the Council today. I am honoured to do so as a Cabinet member for foreign affairs of the East Timor Transitional Administration and to speak on behalf of all my Cabinet colleagues in East Timor.

I would like to take a moment to commend the Secretary-General for his leadership, compassion and staunch commitment to East Timor. Without him and his leadership, we would not be here today. We thank the Secretary-General for everything he has done for East Timor since he took office in 1997. I remember that he promised at that time that, during his term in office, he would see the conflict in East Timor resolved. He kept his promise. We take note of and commend his report to the Security Council.

In 1999, he appointed one of his most competent and trusted international civil servants as his Special Representative. We thank him for having loaned Sergio Vieira de Mello to us and commend Sergio for his commitment, patience, hard work and, most of all, for his friendship. Some have remarked that Sergio Vieira de Mello has aged much since he took up his latest challenge. He is only a couple of years older than me, but I have to admit he looks much, much older and I apologize to him for having caused him this early ageing. When he referred in his speech to the energetic, robust discussions in the Cabinet and the National Council, I know he was being very diplomatic and using British understatement. He was very polite to us.

This being the first time I have addressed this Council since the United Nations Transitional Administration in East Timor (UNTAET) was established, allow me to extend to you, Sir, your Government, your country and all members of the Security Council, past and present, our most heartfelt appreciation for the dedication, compassion and firm determination shown by all in the worst period of our recent past. It was their collective compassion and sense of responsibility that compelled the Council to act in a swift manner, thus bringing to an end the extraordinary injustice and suffering visited upon our people.

I most sincerely regret that I have missed here by only a few days our good friend, Ambassador Richard Holbrooke. He was a true friend of East Timor and of the United Nations. His intellectual brilliance, energy

and dynamic leadership will be missed. We look forward to a close and fruitful collaboration with the new United States representative to the United Nations, whoever it may be.

Before I continue, allow me to introduce someone sitting in the gallery. His name his Greg Smith. He is only 11 years old. He is already in his second year of university, which I really envy. He began his work for peace when he was seven, when he established his first non-governmental organization. Right now, he is extremely busy mobilizing resources for East Timor – textbooks, medical supplies and vitamins – both in the United States and in Australia. I thank him and his parents for bringing him here. His mother had to leave her job to work full-time handling his schedule.

We have come a long way since that fateful day of 7 December 1975. A quarter of a century has passed; the world has changed beyond recognition; myths have exploded and empires have come tumbling down; freedom and democracy have expanded; and East Timor is free and now resurrecting itself from the ashes of war.

It has been a little over a year since East Timor was liberated and UNTAET was established. To illustrate the progress we have made so far, allow me to share some thoughts. I arrived back in East Timor on 1 December 1999, for the first time after 24 years in exile. Landing in East Timor in December 1999 was an extraordinarily mixed emotional experience of joy and pain: joy in celebrating the greatest gifts of all, peace and freedom; and pain at so much senseless destruction.

The scenes of the destroyed cities and towns reminded me of the black-and-white pictures of Hiroshima, London or Dresden after the Second World War. I visited Bosnia in 1997. The destruction of Bosnia was horrific in scale, and yet the destruction of East Timor was even worse. Not much was left intact. What had not been looted and taken away was vandalised and destroyed. Government services and infrastructures were wiped out; civil servants, schoolteachers, medics, semi-skilled and unskilled workers had fled, taken refuge in the mountains or been made hostage, maimed or killed. Not one single public service was functioning; not one modest eating place or kiosk was operating. In September 1999, East Timor was at the year zero.

One year later, as we travel around the country visiting towns, villages and the poor *bairros* of Dili and conversing with many thousands of my brave compatriots, humble, poor and dignified, we repeat to ourselves time and again: "What an extraordinary people. They deserve more. They deserve better". But we keep telling them: "God has given us the greatest gift of all. He delivered us a miracle. He gave us our freedom. We triumphed against all odds, but He will not make any more miracles. We must be patient; it has been only one year since we gained our freedom. We cannot do more". And our brave people have been understanding, patient.

While many international staff members have lived up to our expectations and illusions, displaying genuine commitment, integrity and professionalism, the recruitment of civilian personnel could have been more careful and the assignments better planned. Much waste could have been avoided, but we understand that time constraints and pressure did not leave enough room for those in charge of recruitment to be more selective. This situation has been rectified and the recruitment process has now been moved to Dili.

Much progress has been made on many fronts. Schools have reopened. Hundreds of thousands of brand new books provided by Portugal are in the hands of children. Hospitals and clinics are functioning. Thousands of children have been immunized. Tuberculosis, a scourge that eats away at so many in East Timor, is being confronted. In 2000, the economy registered a real growth of 15 per cent, though we are conscious of its fragility. More than 1,800 businesses have been registered and about 80 per cent are East Timorese-owned. The negotiations on the Timor Sea have been conducted in a very friendly atmosphere and have progressed. We are optimistic about reaching an agreement in the near future. We hope that oil and gas revenue will soon flow into East Timor.

UNTAET has accelerated the participation of East Timorese in the executive, quasi-legislative and judicial branches of the transitional government with the establishment of the East Timor Transitional Administration. Our compatriots are gradually shouldering the responsibilities that come with self-determination. There are nearly 7,000 East Timorese working as civil servants throughout the country in a wide range of areas, including police, education, health, border and customs services and in varying degrees of responsibility.

But it is not sufficient to delegate the responsibility; it is essential to provide our people with the necessary tools to accomplish their task. As my colleague Ana Pessoa Pinto, Cabinet member in charge of internal administration, noted at the donors' conference in Brussels in December, the tasks of preparing administrative cadres, strengthening local capacity and developing human resources remain priorities and require special attention. Our view is that emphasis must be placed on recruiting as many East Timorese as possible, but it is equally important to empower them in key positions.

Timorization, as we understand it, will not be achieved by continuing to have four to six internationals doing the job. We acknowledge the valuable work performed by some dedicated international staff, but we ask that the recruitment process for East Timor be immediately reinforced and given all the necessary tools to accomplish this crucial task.

Overall, power-sharing between UNTAET and the East Timorese has worked fairly well, though there have been some growing pains along the way. The structural and administrative ambiguity between the East Timor Transitional Administration and UNTAET must be resolved. We are working on these issues, and I believe we must stay the course. We do not believe that it would be in anyone's interest to suddenly disengage and not take advantage of the gains made by UNTAET.

This type of peacekeeping operation is new for the United Nations and it is new for the Timorese. The East Timor Transitional Administration must be given the means and real authority to ensure that the institutional structures created can continue to function properly and effectively after independence.

I will now turn to the security situation.

Overall, East Timor is enjoying a period of increased stability, with the militia threat largely dormant. But we cannot become complacent. The Portuguese, Australian and New Zealand battalions stationed in the two most critical operational sectors have performed extremely well and thus are instilling confidence and tranquillity among the population. The Jordanian battalion based in the sensitive Oecussi enclave has also performed efficiently through a combination of wise diplomacy and conventional military posture.

Sadly, as members know, last year Timorese grieved alongside our international friends over the senseless deaths of peacekeepers and humanitarian workers in East and West Timor. We will always remember these brave soldiers and the humanitarian workers who paid the ultimate price for helping our people. We are deeply grateful to the peackeeping force for its work to ensure peace and stability in East Timor.

The peacekeeping force has been the most successful pillar of UNTAET, and all units deserve much credit, including those from Bangladesh, which perform a vital role in keeping the roads and bridges usable during our merciless rainy season.

Even though the East Timorese remain one of the most destitute people in the world, the rate of criminality among them remains one of the lowest. Political violence among emerging political groups has not erupted in the way that many people feared. This relative peace is partly credited to the maturity and sense of responsibility of the political parties.

In the area of law and order, there is room for improvement in the performance of the civilian police component (CIVPOL). It could be reorganized along the lines of nationality, in the same manner as the peacekeeping force. We believe that CIVPOL could be more effective if the elements of a given nationality were to be assigned designated tasks and/or areas instead of mixing different cultures, forms of professional training and security doctrines. For instance, the Portuguese Rapid Reaction Unit has earned the respect of all East Timorese for its exceptional professionalism. It is a model to be expanded and followed in other peacekeeping missions.

We are cognizant of the fact that there will be a reduction in the current strength of the peacekeeping force after independence. But we are also encouraged by the assurances offered by several peacekeeping troop-contributing countries that they are prepared to remain actively engaged in East Timor for as long as necessary.

A premature withdrawal of United Nations forces from East Timor would destabilize and derail the process. But we are conscious that the international community cannot shoulder indefinitely the responsibility for East Timor's external security; hence, we have decided to create the East Timor Defence Force. We are grateful to the Security Council for

authorizing UNTAET to undertake this additional task. Because our de facto President of East Timor has already addressed this issue, I will not elaborate further. I would only like to add that a defence force is only one way to guarantee our national security. We must continue to reach out to our neighbours and forge regional partnerships.

Among our own people there are still a few elements that continue to refuse to accept the results of the popular consultation. I am speaking about the militias that remain active along our border and continue to terrorize the refugees in the camps in West Timor. However, in keeping with what the President of the General Assembly said, we will spare no effort in engaging the so-called pro-autonomy faction in dialogue. However, those involved in, and who are accused of, serious crimes must face justice. After all, there cannot be sustainable peace without justice.

In this regard, we commend Indonesia's Attorney-General, Mr. Marzuki Darusman, for his courage and integrity in attempting to bring to justice in Indonesia those involved in fomenting, instigating, planning and carrying out violence in East Timor.

For the sake of justice for the victims, for the good name of the Republic of Indonesia and for the sake of the universal struggle against impunity, we must see to it that justice is served, regardless of the power and wealth of the culprits.

We are committed to continuing the process of healing and normalization of relations with our neighbour. My cabinet colleague Mr. Mari Alkatiri and I have just visited Jakarta prior to my arrival in New York. This was our first official trip to Indonesia as cabinet members of the East Timor Transitional Administration. We were warmly received by our hosts.

We had cordial talks with President Abdurrahman Wahid, Foreign Minister Alwi Shihab, Minister for Political, Social and Security Coordination Susilo Bambang Yudhoyono, the Minister of Settlements and Regional Infrastucture, Attorney-General Marzuki Darusman, Speaker of Parliament The Honourable Akbar Tandjung and other prominent members of Parliament.

President Wahid briefed us on his recent discussions with President Fernando Henrique Cardoso on a joint Brazil-Indonesia partnership to assist East Timor in some specific areas, such as health. We warmly welcome such an offer, as it comes from a close neighbour and a distant one, both of them major regional powers with which we share a common history.

We are aware of the situation in many parts of Indonesia, the painful transition from a recent past of abuse and repression to democracy and the rule of law. It is only to be expected that conflicting interests and deeply entrenched classes and groups, including centrifugal forces, would collide in a country as ethnically, culturally and geographically diverse as Indonesia, particularly as it emerges from decades of a military-dominated regime.

We can only express our sympathy and solidarity to that proud nation. The Indonesian people are fortunate in having an outstanding, moral man as their President. In times of crisis and transition, nations need moral and compassionate leaders. This is what happened in India with Mahatma Ghandi, South Africa with Mandela and South Korea with Kim Dae-jung, to mention just a few cases.

Friends of Indonesia must redouble their efforts in assisting Indonesia and its leader President Abdurrahman Wahid in continuing the progress made so far in advancing reforms and democracy.

At the conclusion of my visit to Jakarta, at the press conference, as someone who was very much behind the sanctions movement, I also called on those countries that still maintain sanctions against Indonesia to lift them, whatever they may be, particularly in respect of non-lethal equipment, as a concrete way of sending a goodwill message to the Government of President Wahid.

I should like also to refer to our particular relationship with the Indonesian province of Nusa Tengara Timur. Our relations with the central Government in Jakarta will determine our special relationship with our neighbour to the West — Nusa Tengara Timur. We shall endeavour to normalize relations with that Indonesian province, with which we share a common and porous border.

A relationship of trust between Dili and Jakarta will enable the realization of our dream of ridding the two sides of weapons and of opening the border, allowing for the free movement of people and trade, sports and cultural exchange.

We are already inviting sports and cultural groups from West Timor to visit us in East Timor. The next Arafura Games, in which East Timor will participate this year for the first time ever — as we did in the Sydney Olympics, though, I must admit, without much success — will be an opportunity for us to pursue this process of fostering peace on the whole island.

There is resentment against the East Timorese refugees in West Timor because of the international assistance targeted to the East Timorese. We must follow up on the idea, discussed by President Wahid, Prime Minister Antonio Guterres of Portugal and Foreign Minister Alexander Downer of Australia during the Millennium Summit, of a consortium of countries to help West Timor develop its economy. Such an initiative, if realized, would go a long way towards creating the conditions for a lasting peace and stability on the island.

We are conscious that this is going to be a long process, and those who share in this dream are aware that formidable obstacles are in the way. However, our friends in Indonesia know that we must dare to dream, for even the most impossible dreams can be realized.

The plight of our people, many of whom are being held in squalid camps in West Timor against their will, remains an obstacle to the betterment of relations between Indonesia and East Timor. However, in all fairness, we must commend the Indonesian authorities for the efforts they have made in recent months to curtail the activities of the armed gangs.

The security situation in West Timor has improved, even though we are still concerned at the pervasive presence of armed gangs in the refugee camps. The Indonesian authorities must continue their efforts to dismantle those gangs completely.

We urge the United Nations to dispatch to Indonesia, as soon as possible, a team of security experts to assess the security conditions in West Timor. The continuing presence of tens of thousands of displaced persons in West Timor and of armed gangs in the refugee camps are detrimental to Indonesia's own interests. Hence we believe the Indonesian authorities are serious in wanting to resolve this remaining problem.

We are grateful to Indonesia for supporting East Timor's eventual membership in the Association of South-East Asian Nations (ASEAN). Our gratitude is extended to all the leaders in ASEAN who have expressed their support to us in different ways.

In the course of the past year, President Xanana Gusmão and I visited almost all ASEAN member countries. We attended the ASEAN ministerial meeting with the Special Representative. We visited Japan, China, the Republic of Korea, Australia and New Zealand. In March, I will be leading another mission to Japan.

Beyond our immediate region, we hope that in the course of this year we will start developing relations with other countries of Asia. We also have a visit planned to some Arab and Muslim countries.

Mr. Sergio Vieira de Mello has already elaborated in detail the political calendar. However, I will share with the Council some thoughts that reflect the discussions held in the National Council and my own discussions with many of my colleagues in the East Timorese leadership.

A broad cross-section of society — political parties, church officials and non-governmental organizations — all have attended, and participated in, the hearings held by the National Council. Throughout these discussions, a common theme persisted: everyone was committed to non-violence and to adherence to democratic ideals and the rule of law.

There are a number of decisions that must be taken to reach the goal of independence, such as, what type of democratic bodies should there be? What electoral system should we adopt? Answers to these preliminary questions will lead to the first elections in East Timor and will soon be provided by the Cabinet and the National Council after the current political debates.

However, some important elements have already converged into a consensus, as Mr. Sergio Vieira de Mello has articulated. We hope that by next month a national pact will have been signed by all parties. Let me elaborate a bit on the contents of the national pact as we have discussed them among ourselves.

The national pact will comprise not only important elements such as our commitment to non-violence and to the acceptance of majority rule, but also a strong commitment to human rights and to signing, upon independence, some of the most important human rights instruments. It will also contain some important constitutional elements. This is

important in order to send a message to the East Timorese society at large and to the international community that no matter which party wins the elections in the course of this year, there are fundamental principles to which every party is committed, and there will be no change. These commitments are in regard to our foreign relations and to foreign investments that are already in the country or that will be coming into the country in the next few months before independence. Whatever the outcome of the elections, the national pact is important in that it permits everyone to participate in the political process through a number of solemn commitments with respect to human rights, democratic principles, foreign relations, reconciliation and foreign investments.

The national pact will be signed by all and will be followed by a constitutional conference that will debate and prepare the first draft of a constitution. Elections for a Constituent Assembly could take place at the end of August. Initially we had thought they would be in June, but we were advised by many of our friends — experts from the United Nations — that June would be too soon. Preliminary discussions have made us conscious of time constraints, and we are beginning to consider deferring the elections until the end of August, maybe to coincide with the second anniversary of the popular ballot.

The Assembly, which will have plenary powers, would have two to three months to prepare, debate and vote on the Constitution. We are also conscious — and that is the consensus in the leadership — that the Constituent Assembly should not repeat the mistakes made by some countries, dragging on for months and sometimes a year or two, or three. Therefore we all — those participating in the political process in East Timor — have reached a preliminary agreement that the Constituent Assembly should have two to three months maximum to deal with the draft constitution, which it will have before it as it begins its work.

We also believe — and this is a majority opinion — that the Constituent Assembly, once it has completed its main task of drafting and adopting a constitution — will convert itself into the first national Legislative Assembly. There have been precedents in many countries wherein the constituent assembly becomes the first legislative assembly, thus saving the country and the people from having to hold two or three elections in one year. We should leave the decision on a date for follow-up elections, including presidential elections and a declaration of independence, to this electoral body. We hope that a new Government, a provisional Government, reflecting the election results for the Constituent Assembly, will be established.

We are aware that peace, although a reality in East Timor, is still fragile. We are all equally responsible for its consolidation; it is not only the responsibility of the peacekeeping force or of the international community. We, the East Timorese, are aware that we are all equally responsible for consolidating peace in order to ensure a smooth transition to independence.

I would like to conclude by saying that we are moving forward towards establishing the basic framework of government and civic institutions in a transition period. As these institutions are the underpinnings of all strong democratic nations, we need to strengthen them in East Timor through targeted capacity-building. We have heard the offers of the IMF and our friends from UNDP and other agencies, and of the World Bank, with whom we have had excellent cooperation and a personal relationship over the past few months in a really unique partnership that has been very beneficial to East Timor. Once again, I want to extend thanks to all — to Mr. Mark Malloch Brown, to Mr. James Wolfensohn and to Mr. Luis Valdivieso, our friend. As you know, the IMF is not terribly popular in many countries, but in spite of what Mr. Valdivieso represents, he has managed to charm everybody in East Timor — and this despite some of the austerity advice he is constantly giving us. We love him in spite of what he represents. Thank you to all the agencies, those who spoke and those who are not present today.

We are deeply grateful to the international community — to all of you sitting around this table and throughout the United Nations community — for your support for the reconstruction and development activities in East Timor. We have had to rebuild our country from its ashes. While we have made advances under UNTAET, we have further to go. Therefore, we once again ask the United Nations to sustain its partnership with the people of East Timor, so that our nation can pursue the development of its full economic, political and civic capacity. But in order to do this, we need your continued support, so that we can operate in a secure and stable environment. This can be provided only through maintaining a peacekeeping presence after the transition period. It will enable our forces to

ready themselves to take on our nation's security. With the continued support and active engagement of the United Nations, we will pass these tests and reach the light at the end of the tunnel.

Mr. President and members of the Council, we hope that you all will honour us in Dili on our Independence Day.

The President: I shall now give the floor to members of the Council. But before I do so, let me note that we have had an exceptionally rich exchange of views. Many key points have emerged. It is clear from the briefings that have been given that, despite wide recognition as one of the more successful peacekeeping operations, huge challenges remain. I think Mr. Vieira de Mello was being modest — or perhaps even more important, realistic — when he acknowledged that much still remains to be done. The East Timorese will need ongoing commitment of the international community for many years in support of the embryonic Government of East Timor.

Mr. Mark Malloch Brown of UNDP said that East Timor needs our support for tomorrow even more than for today. The World Bank noted that we need to develop a clear and structured plan for the transition and post-independence mandate. The IMF explained in detail how a patient consultative process to develop long-term and sustainable financial institutions and processes is necessary. The President of the General Assembly, Mr. Holkeri, noted that we cannot afford to exit East Timor prematurely or without a well-prepared strategy. And finally, Mr. Ramos-Horta also told us that, while he would not want the United Nations forces to remain forever, a premature withdrawal would be difficult for East Timor.

In brief, many major points have emerged, and we hope that Council members will address them.

Mr. Eldon (United Kingdom): Mr. President, thank you in particular for bringing together such a galaxy of talent today — not only our distinguished briefers, to whom I am most grateful for their useful and insightful contributions, but also the public gallery. It is a great pleasure to have the public gallery with us today.

I would like to join others in expressing my delegation's condolences to the Governments of India and Pakistan on the recent earthquake.

In recognition of the long list of speakers we have today, I will shorten my printed statement. I should also draw attention to the fact that the representative of Sweden will be speaking later in the debate on behalf of the European Union, and my delegation associates itself with that statement.

Many of us in the Council have been closely associated with East Timor, particularly since the Agreement of 5 May 1999. The Secretary-General's report shows that an enormous amount has been achieved in a relatively short period of time. But, Mr. President, as you have said, the priority now must be to look to the future. It is particularly noteworthy that recent months have seen a real effort to accelerate the transfer of authority to the East Timorese.

The process of Timorization was not envisaged when the Security Council adopted resolution 1272 (1999); it was, frankly, an act of great vision and imagination on the part of the Special Representative of the Secretary-General. And it seems to be working well. In the United Kingdom's view, the establishment of the National Council not only is important in terms of accountability and legitimacy, but it is also a crucial contribution to capacity-building for self-government in East Timor.

For all this and more, we owe a vote of thanks to the Special Representative and to his staff for their remarkable work in such difficult conditions. We should also remember the enormously valuable work done by the International Force, East Timor (INTERFET) in re-establishing security in the territory. This is all the more important, since I gather that today is Australia Day. I understand that Lt. Gen. Peter Cosgrove, the former Commander of INTERFET, has been named Australian of the Year, and frankly, nobody is more deserving of such an honour.

But congratulations should not lead to complacency. For there is an enormous amount still to do, both before the transition to independence in East Timor and afterwards. East Timorese expectations are not being realized in a number of areas, including infrastructural improvements. The statements of the Special Representative and the President of the General Assembly implicitly recognized that fact. Although Mr. Rohland from the World Bank told us that the reconstruction programme in East Timor was the quickest ever, it was not quick enough. Realistically, we are unlikely to be able to deliver everything for

which the East Timorese people might hope. But the international community must do better in improving the delivery of the resources that are available. It is a good thing that the World Bank intends to draw out the main lessons of the Timor experience. I hope we will all learn them well.

I was also grateful for the information given by the Special Representative and Mr. Ramos-Horta on the timetable for elections and independence. The East Timorese are understandably impatient to strike out on their own. But we also have to recognize that although the process of building a new State is not a simple one, precision will be needed soon. Whatever the exact timetable proves to be, independence by the end of the year means that the time to complete the job is short. So it is vital that the next six months should see a continued delegation of authority to the East Timorese. This must be accompanied by a real effort to transfer skills to them through development and training, so that they can be fully prepared for the administration of an independent State.

This will be one part of a wider effort to build capacity in East Timor, which must become UNTAET's priority in the next months. On this point, I would be grateful for Mr. Vieira de Mello's assessment of the success of Timorization in qualitative rather than quantitative terms. This is relevant in the context of José Ramos-Horta's statement. Is the process effective in terms of building skills and competencies, rather than just filling offices?

Political skills will also be crucial. East Timor will shortly become the first newly independent country of the new millennium. It is important that it become a shining example to the rest of the world. As we have seen in José Ramos-Horta's statement today, the territory is well endowed with political leaders. But we also need to get the political and constitutional structures right. First, the process leading up to elections must be inclusive and transparent; and discussions on the terms of the new constitution should involve a full range of representatives from all sectors of society.

But if it is to move forward, East Timor must also deal with its past. When I travelled with the Security Council mission to East Timor and Indonesia last year, I was concerned at the rate of progress in building a judicial system. As Sergio Vieira de Mello has reported, some useful progress has since been made in bringing to justice those responsible for crimes against humanity. It is particularly encouraging that this week saw the first successful prosecution by an international court in East Timor for the violence that surrounded the 1999 popular consultation. But more needs to be done by UNTAET and Indonesia to ensure that the judicial process remains credible and effective. UNTAET and the international community as a whole must think through the timelines for the judicial process, which cannot be allowed to drag on endlessly. The Special Representative has appealed for international assistance to help build the judicial sector. I would be grateful for any more detailed update he might wish to give us on the response to that appeal. And, as the President of the General Assembly has said, to complement the investigation and trial of serious crimes there must be a determined process of national reconciliation within East Timor, behind which the whole of Timorese society must stand together. Again, I should be grateful to hear from the Special Representative, and perhaps Mr. Ramos-Horta, how that process is maturing.

Another problem faced by East Timor is the tangible security threat that continues to exist on its border. As the Special Representative of the Secretary-General and Mr. Ramos-Horta have said, a stable border is one of the keys to East Timor's future. That is why we agree that, despite the improvements reported to us today, there should be no downsizing of the UNTAET military component at this stage, and that is also why we believe that a significant United Nations military presence is likely to be necessary for some time into the future.

But it is no good simply saying that security measures must continue. Real progress has to be made in reducing the security threat. That the militias are still active in the camps in West Timor is appalling. No less worrying is the fact that large numbers of genuine refugees continue to live in such difficult conditions in the camps and are subject to serious intimidation, as the Security Council mission saw for itself.

This problem must now be properly addressed, not only because it has direct implications for the security of East Timor and the future structure of the United Nations presence in the territory, but also on the obvious grounds of pressing humanitarian need.

The successful "come and see" visit programme over Christmas was encouraging, and we hope it will

lead to an increase in spontaneous returns. But more must be done. We urge the Government of Indonesia to take steps to implement resolution 1319 (2000) in full and without delay, to complete the planned registration process and to facilitate the return of those refugees who want to go home to East Timor. Further delay would mean that the refugees would remain disenfranchised, which would have serious implications for the coming elections.

As you have reminded us, Mr. President, we must look to the future. It is clear to us that the newly independent East Timor will continue to need extensive international support. We welcome the intention to start planning for a follow-on operation now. The East Timorese are and should be fully engaged in this process. We look forward to receiving the detailed plans promised by the Special Representative as soon as possible, and to a further report from the Secretary-General later in the year. We have the time and opportunity to think carefully about how UNTAET should evolve from its present state to a new operation that will assist the East Timorese people to assume their rightful place in the community of nations in safety and security. That, as the Administrator of the United Nations Development Programme has said, is a real challenge. And though the funding aspects are not necessary considerations for this Council, for the sake of the East Timorese people and for the sake of the United Nations itself, we must get it right.

Mr. Chowdhury (Bangladesh): Before I begin my statement, let me, like you, Mr. President, on behalf of the Government and the people of Bangladesh, express deep condolences to our neighbours, India and Pakistan, for the loss of life and property suffered in today's devastating earthquake.

This morning, we listened with keen interest to the important statements from the Special Representative of the Secretary-General and Head of the United Nations Transitional Administration in East Timor (UNTAET), Sergio Vieira de Mello, and from the United Nations Development Programme, Administrator Mark Malloch Brown. We thank the World Bank and International Monetary Fund representatives for their statements outlining the involvement of their institutions in East Timor. We heard very significant statements this morning from the President of the General Assembly, Harri Holkeri, and, if I may use this title, from the Foreign Minister of East Timor, José Ramos-Horta. They have provided the Council with useful perspectives on the prevailing situation in East Timor — on developments so far and, more importantly, on the future of East Timor.

We particularly appreciate the kind presence of General Assembly President Holkeri among us, as his views, enriched by his recent visit to East Timor and Indonesia, offer us important inputs for the Council's future course of action as well as that of the broader international community. His underscoring of the fundamental question of justice versus reconciliation, in the context of East Timorese society, carries an important message. Mr. Ramos-Horta's perceptive and important first statement before the Council is very much welcomed by my delegation.

It is useful that the Council is reviewing the situation in East Timor again after two months. During this time a lot has happened, as the Special Representative outlined. In particular, there have been concerted efforts during the last six months to accelerate the transfer of authority to the Timorese people through a determined and innovative approach, as articulated in paragraphs 47 and 48 of the report of the Secretary-General.

After more than a year of UNTAET's operation in the territory, a road map to East Timor's independence is now emerging quietly but surely. The Secretary-General's present report attests to that. Bangladesh is especially encouraged by the steps being taken for the efficient holding of free and democratic elections early in the second half of this year.

However, for East Timor's successful transition to independence, a few important building blocks remain to be put in place. The first is to continue the efforts to establish peace and security. This is crucial not only for long-term reconstruction and development, but also for the return and settlement of refugees. As the Secretary-General reports, there has been improvement in the security situation. Although militia movements remain a source of concern, we are happy to hear from the Secretary-General's Special Representative that such movement has fallen off. Thanks largely to the robust and decisive action of United Nations peacekeepers, the militia violence has been curbed. In this regard, we expect an early conclusion of the trial, which began in a Jakarta court this month, of the suspects in the September killing.

The second element is the safe return of refugees. In this regard, we appreciate the concerted efforts made

by the Indonesian Government to work closely with the relevant agencies, especially the Office of the United Nations High Commissioner for Refugees and the International Organization for Migration. The recent assurances of cooperation and determination given to the President of the General Assembly during his visit to Jakarta will, we hope, facilitate and speed up all efforts aimed at the safe return of refugees to East Timor.

We welcome the meeting between UNTAET and the Indonesian authorities in West Timor last week. The last of the "come and see" visits by the East Timorese refugees on 19 January demonstrated the positive collaboration among all concerned.

The third element is effective donor support. Bilateral donors, international financial institutions and United Nations funds and programmes should all fulfil their pledges to the Trust Fund at an early date. We hope that the donors' meeting next June in Canberra will produce results in this regard; it is critical for capacity-building in East Timor, particularly in the areas of governance, the judiciary and basic social services. The Secretary-General's report details those well. In that regard, Bangladesh would like to emphasize the need to pay attention to providing indigenous solutions to Timorese development problems. For Bangladesh's part, we are expecting a Grameen Bank mission to visit East Timor next month to assist the Timorese in initiating micro-credit programmes for poverty eradication and the empowerment of women.

Finally, by the same token, there is a need for ongoing commitment by the international community in post-independence East Timor. As all speakers have emphasized, this is absolutely necessary for effective Timorization to take root. Last November, the Secretary-General's Special Representative, Sergio Vieira de Mello, confirmed in this Chamber — and the Secretary-General's report also brought this out — that there will be a need for an international presence in the early years of East Timor's independence. The Secretary-General underlined areas such as the judiciary, defence and police forces, where continued international financial and technical assistance will be needed. Bangladesh will continue to offer its humble contribution in these areas as part of the broader international support.

Effective support for the process of Timorization is a major responsibility of the United Nations, as East Timor comes out of conflict and engages in reconstruction and development as an independent State. As a member of the Council, Bangladesh will continue to contribute to this process.

The President: As it is now approaching 1 p.m., I intend to suspend the meeting. We will resume promptly at 3 p.m.

The meeting was suspended at 1 p.m.